



U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of Airport Planning
and Programming

800 Independence Ave., SW.
Washington, DC 20591

MAY 10 2004

Mr. William R. DeCota
Director, Aviation Department
The Port Authority of NY & NJ
Port Authority Technical Center
241 Erie Street
Jersey City, NJ 07310

Dear Mr. DeCota:

Thank you for submitting the Port Authority of New York & New Jersey's (Port Authority)'s FY 2004 Competition Plan update for Newark Liberty International Airport (EWR) and for participating in our recent telephone conference call. We have reviewed your Plan Update and have determined that it is in accordance with the requirements of section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Pub. L. 106-181, April 5, 2000, codified as Title 49 U.S. Code sections 40117(k) and 47106(f).

The EWR FY 2004 Update indicates the Port Authority has implemented the following competitive actions, including the following policies and practices:

- Prepared a gate utilization assessment for 2003 for use in enforcing contractual utilization standards to ensure greater gate efficiency and to accommodate requesting carriers;
- The gate utilization assessment resulted in:
 - Plans to recapture an underutilized exclusively leased gate (Gate 23, a former TWA gate) and to convert that gate to common-use, and
 - Plans to renegotiate the lease of an international carrier's underutilized gates.
- Accommodated the entry of domestic carriers (as well as international service):
 - Alaska Airlines, on a common-use gate and on a sublease with a signatory carrier; and
 - Southeast Airlines, which subleased an international carrier's gate;
- Completed a detailed Aircraft Gate and Ticket Counter Utilization Study, to update the conditions and activities of the airport and to provide management with information needed to facilitate requests for new entrant accommodation and expansion by incumbent carriers;

- Posted the availability of Competition Plans on the airport's web site;
- Clarified that the New Entrant Manager is the airport's Manager of Properties and Commercial Development and Competition, who is responsible for instilling competition strategies and objectives in the airport's decision-making process and in planning for the expansion of Terminal A;
- Clarified that the Port Authority oversees sublease fees and associated costs;
- Used airline station manager meetings to convey the need for tenant airlines to accommodate new entrants on a reasonable and timely basis, consistent with the AIR-21 Competition Plan objectives
- Provided new entrants with guidelines and information on gate availability to ensure fair and transparent distribution of information; and
- Directed the reporting of airline gate usage on a monthly basis to the airport's Properties and Commercial Development Division, for purposes of determining underutilization of gates and to inform the executive staff on compliance with AIR-21 initiatives.

The Update also indicates the Authority plans to implement the following competitive actions:

- Recapture additional gates that are currently underutilized and under long term leases;
- Apply for PFC funding for eligible expenses associated with the planning effort for the expansion of Terminal A;
- Continue planning efforts for gate and ticket counter expansion in Terminal B to encourage domestic use during off-peak hours;
- Publish gate schedule for Port Authority controlled gates at EWR on the web site;
- Enforce current gate utilization standards to assure gate efficiency; and
- Work with carriers to ensure access to additional markets.

As noted above, we have determined that your update meets the requirements of section 155 of AIR-21. We are enclosing with this letter a chart, prepared in April 2003, highlighting actions taken by airports covered by the Competition Plan requirements to reduce barriers to entry and enhance competitive access (EWR is included). We have distributed this product at several airport conferences in order to demonstrate the tools airport managers are using to comply with the statutory elements of the Competition Plan requirement, the competitive benefits that may be achieved through implementation of these tools, and other ancillary advantages that may be derived from these tools. This chart may be of interest to you as you implement your Competition Plan. Further, although not shown on the chart, at 29 of the 38 airports highlighted on the chart, new or expanded entry or service by low-cost carriers has occurred, and larger carriers have benefited through new lease arrangements and gate change accommodations.

Finally, we recommend that you continue to post the Competition Plan on the EWR web site.

We look forward to reviewing future updates to your Competition Plan. Your next update will be due 18 months from the date of this letter. We will notify you before the end of your 18-month cycle as to whether you remain a covered airport. As you may know, the Secretary is required by section 40117(k) to review implementation of Competition Plans from time to time to verify each covered airport implements its plan successfully. In connection with our review, we may determine that site visits to, or teleconferences with, one or more locations would be useful. We will notify you should we decide to visit EWR in connection with its Competition Plan.

If you have any questions regarding this letter or the FAA's review of your Plan, please contact Ms. JoAnn Horne, Manager, Airports Financial Analysis and Passenger Facility Charge Branch, at (202) 267-3831.

Sincerely,

Original Signed By

Dennis E. Roberts
Director, Office of Airport Planning
and Programming

Enclosure
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